

37 Am. Jur. 2d Fraud and Deceit § 184

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Fraud and Deceit

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IV. False Representations

G. Representations and Statements as to Particular Matters

4. Credit, Solvency, and Financial Standing

§ 184. Generally

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West's Key Number Digest

West's Key Number Digest, [Fraud](#)  27, 28

Financial status is a fact, and a statement as to that status affirms a fact notwithstanding that it represents a conclusion based on the valuation of property.¹ Where one has been induced to enter into an agreement concerning an interest in land by fraudulent misrepresentations as to the financial ability of a party, the circumstances may amount to fraud.² Likewise, where one is given a statement of assets and liabilities as it appears on the books of a business which the person contemplates purchasing, that person has the right to assume, if nothing is said to the contrary, that it is a truthful statement of the affairs of the business and that all the assets and liabilities are on the books and are correctly set forth.³ A seller of a business who tells the buyer that only one or two accounts were leaving or giving notice to leave, when the seller has knowledge to the contrary, can be held liable to the buyer, under the rule that a seller who misrepresents a material fact knowing that it is untrue and that the buyer will rely thereon can be held responsible for the seller's misdeeds.⁴

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Footnotes

- ¹ [Gainesville Nat. Bank v. Bamberger](#), 77 Tex. 48, 13 S.W. 959 (1890).
- ² [Newman v. Newman](#), 103 Ohio St. 230, 103 Ohio St. 267, 133 N.E. 70, 18 A.L.R. 1089 (1921).
- ³ [Foote v. Leary](#), 103 A.D. 547, 93 N.Y.S. 169 (1st Dep't 1905).
- ⁴ [Aleppo Corp. v. Pozin](#), 114 So. 2d 645 (Fla. 3d DCA 1959).

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